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GUIDE TO APPLICATIONS FOR PROFESSIONAL COMPENSATION ("FEE GUIDE")

I. BILLING GUIDELINES

A. GENERAL INFORMATION

1. The United States Trustee will object to the payment of any professional fees at a time when the debtor in possession or chapter 11 trustee has failed to file timely Operating Reports or Interim Statements or where other administrative expenses, such as quarterly fees and taxes, have not been paid in a timely manner.
2. The United States Trustee may request a hold back of an appropriate percentage on the award of interim compensation, but 100% of expenses are ordinarily allowable on an interim basis.
3. When a reorganization plan has been confirmed, final fee applications under § 330 of the Bankruptcy Code must be promptly submitted by all professionals who have been employed at the expense of the estate. Failure to act promptly may result in the United States Trustee bringing a motion to compel filing or to disgorge fees.
4. Final fee applications must cover all of the services performed in the case, not just the last period for which fees are sought, and must seek approval of all prior interim fee awards.
5. The bankruptcy court can limit notice of fee applications. The United States Trustee will oppose requests to limit notice to fewer than ten days, or to notice that does not include at least the United States Trustee, any committees, any secured creditors claiming a right to cash collateral, and any parties who have requested special notice.
6. No professional may be paid any amount for services rendered prior to the effective date of the plan, unless such payment has been approved by the court or as specified in the United States Trustee Employment Guide.
7. Whenever there is a substitution of counsel in a chapter 11 case, withdrawing counsel shall file a final fee application within sixty days after the date provided in the order allowing withdrawal of representation. The United States Trustee will seek an accounting and return of any pre-petition retainer or post-petition fee paid to withdrawing counsel if a timely fee application is not filed.

B. PROFESSIONAL FEES

1. Discuss strategy with client (i.e. the debtor, trustee, committee chair, etc.) both at the outset of the case and on an ongoing basis, at least quarterly. If a particular project is likely to require in excess of five thousand dollars of billable time, excluding travel and court time, the client should be consulted in advance and provided an estimate of the expected total cost for the project.
2. Consult with the client in advance on any expense disbursements in excess of one thousand dollars.
3. Delegate assignments, consistent with performance of high-quality work, to those who will provide the best value for the time spent. Counsel should consult the client with respect to the initial staffing and any staffing increases.
4. Do not charge for educating junior personnel in basic substantive or procedural rules, law or principles.
5. Do not charge learning time for replacing staff or professionals.
6. It is expected that most routine hearings and meetings will require only a single professional. Where two professionals routinely appear at meetings or hearings or whenever more than two are in attendance, specific justification must be provided in the fee application.
7. Internal conferences and meetings should be conducted only when necessary and appropriate.
8. Do not "double charge" for long distance travel time; i.e., when work is performed for this or another client while traveling, there should not be an additional charge for travel time. Also, where travel is on behalf of more than one client, it should be pro-rated among them.
9. Billing statements must be provided to the client on at least a monthly basis.
10. Neither hourly fees nor expense charges may exceed those applicable to non- bankruptcy clients.
11. Services should be billed at the hourly rate applicable when performed.
12. Any deviations from the requirements of this Guide are to be highlighted and explained.

C. REIMBURSABLE EXPENSES. The following expenses are reimbursable at actual cost only.

1. Postage.
2. Long distance telephone charges.
3. Messenger and overnight delivery services.
4. Filing fees.
5. Computer research services.
6. Outside photocopy services.

7. Reasonable parking expenses.
8. Charges for meals during travel, but not to exceed \$50.00 per day, per person.
9. Reasonable charges for meals provided in the course of an in-office business meeting with "outside" individuals.
10. Charges for transmitting facsimiles that do not exceed 1 dollar per page, if telephone expenses are not separately charged. Where the telephone expenses are separately charged, the charge for transmitting facsimiles is limited to 20 cents per page.*
11. In-house photocopy charges that do not exceed 20 cents per page.*
12. Charges for receipt of facsimile copies that do not exceed 20 cents per page.*

*These charges are intended to approximate actual costs, given the difficulty of an accurate determination. To the extent that actual costs can be documented, they should be used. To the extent that non-bankruptcy clients are charged less, the lesser amount should be used.

D. NON-REIMBURSABLE EXPENSES. *Absent extraordinary circumstances, the United States Trustee will object to the following as not actual, necessary expenses.*

1. Staff overtime.
2. Travel expenses for "first class" or other luxury transportation.
3. Local meals for professional or support staff.
4. Normal overhead expenses such as rent, insurance, utilities, secretarial work, word processing, office supplies, docketing time, tending photocopy or facsimile machines, "opening file" administrative expenses, and other similar internal operating or overhead expenses.

II. APPLICATIONS FOR PROFESSIONAL FEES AND EXPENSES

A. GENERAL INFORMATION REQUIRED

The application for payment of professional fees and expenses shall contain the following information and also shall comply with the provisions of Local Bankruptcy Rule 2016-1:

1. The entry date of the order approving employment and the date services commenced.
2. The date of the applicant's last fee application. Note, unless otherwise specifically approved by the court, applications for payment should not be filed more frequently than once every 120 days.
3. A summary of fees paid and costs reimbursed including:
 - a. Advance fee payment received (identify whether the amount is the unused portion of a pre-petition retainer, an earned on receipt retainer or a post-petition retainer).
 - b. Advance fee payment remaining.

- c. Payments made pursuant to prior applications.
 - d. Amount remaining to be paid pursuant to prior applications.
 - e. Any amount reserved pending final fee application.
 - f. Any portion of an earned on receipt retainer allocable to services documented in the current fee application.
4. A narrative summary of the significant events in the case during the relevant time period.
 5. A brief statement for each major activity code category used, noting the total fees charged for that category and the particular benefits generated to the estate.
 6. Fee applications by debtor's reorganization counsel should include a statement of the source and amount of cash available to pay the requested fees.
 7. In Chapter 11 cases, fee applications by debtor's reorganization counsel should include a discussion of the prospects for reorganization and an estimate of when the disclosure statement and plan will be submitted.
 8. In Chapter 7 cases, a statement by the trustee or trustee's counsel estimating when the final report will be filed and what further work must be performed before the estate will be in a position to be closed.
 9. A notation and explanation of any items that deviate from any of the requirements of this Guide.
 10. A declaration by the applicant's designated professional that the application complies with this Guide except as specifically noted and justified in the application and indicating the amount, if any, that the bill has been reduced as a result of discussion with the client (see Example 6, attached).
 11. A written statement by the client that he/she has reviewed the billing and indicating what objections, if any, the client has not been able to resolve. If the client is unwilling to provide such a statement, the professional should indicate that the bill was provided to the client, the client was informed of this requirement and has declined to comply.

B. BILLING FORMAT - PROFESSIONAL FEES

1. The applicant's Time and Billing Statement shall be submitted in chronological order by activity code category (see below) in substantial compliance with the following format. The total hours and amount for each activity code category should also be provided (Example 1).

Activity Code Category

<i>Name</i>	<i>Type</i>	<i>Hourly Rate</i>	<i>Date</i>	<i>Hours</i>	<i>Total Amt.</i>	<i>Description</i>
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"Type" refers to the type of professional performing the services: e.g., (P) for partner, (S) for shareholder, (O) for owner, (A) for associate, (PL) for paralegal. A key to the abbreviations used should be provided. An acceptable alternative would be to combine name and type by using initials, e.g., BHP to indicate Benjamin Harrison, partner, so long as a key to the full name and type coding is provided.

"Hourly Rate" is the rate applicable at the time the services were performed.

"Hours" should be calculated by tenths; no "lumping."

"Description" should include sufficient detail to identify the particular persons, motions, discrete tasks performed and other subject matters related to the service.

2. In addition to the Time and Billing Statement, the applicant shall submit:

Biographical Information - a brief biography for each billing professional (Example 5);

Monthly Summary of Fees - a summary showing the total amount billed on a monthly basis for each activity code category (Example 3);

Professional Activity Summary - a summary for each activity code category listing the name and type of professionals who billed under that category, each professional's billing rate, and the total hours and amount billed by that professional under that category (Example 2).

C. BILLING FORMAT - EXPENSES

Expenses (e.g., long distance telephone, copy costs, messengers, computer research, airline travel, etc.), should be listed by category and month incurred (Example 4). Unusual expense items or those in excess of \$1000.00, should include the date incurred; description; amount and explanation of need. Backup documentation for all expenses should be retained whenever possible and made available on request.

D. ACTIVITY CODE CATEGORIES

The following is a list of activity code categories that are applicable to most bankruptcy cases. Only one category should be used for any given activity and professionals should make their best effort to be consistent in their use of categories. This applies both within and across firms. Thus, it may be appropriate for all professionals to discuss the categories in advance and agree generally on how activities will be categorized. The application may contain additional categories as the case requires. For example, each litigation matter should have its own category. But every effort should be made to use the listed categories in the first instance and to coordinate the use of additional categories with other professionals in the case.

The following categories are generally more applicable to attorneys and trustees but may be used by all professionals as appropriate. Activities that are included in the category of § 330(a) (1) chapter 7 trustee's services (Local Bankruptcy Rules 2016-1 and 2016-2) are prefaced with the notation "Ch-7:"

ASSET ANALYSIS AND RECOVERY: Identification and review of potential assets including causes of action and non-litigation recoveries. **Ch-7:** Review schedules; Investigate location and status of assets (internal); Initial contact with lessors, secured creditors, ABC, etc., if same can be accomplished from office; Turnover or inspection of documents, e.g., bank documents; UCC search review; Mail forwarding notices; Collection of accounts receivable; Letters re compliance with Local Rule 2015-2.

ASSET DISPOSITION: Sales, leases (§ 365 matters), abandonment and related transaction work. **Ch-7:** Document notice of sale, abandonment, compromise, etc.; Appear at sale; Prepare certificate of sale, deed or other transfer documents; Abandon assets (draft papers for the trustee's signature); Attend sales; Place investments at the direction of trustee.

BUSINESS OPERATIONS: Issues related to debtor in possession operating in Chapter 11 such as employee, vendor, tenant issues and other similar problems.

CASE ADMINISTRATION: Coordination and compliance activities, including preparation of statement of financial affairs; schedules; list of contracts; United States Trustee interim statements and operating reports; contacts with the United States Trustee; general creditor inquiries. **Ch-7:** Objection to exemption; Reports re 707(b) motions; Notification of asset case; Approve proposed disbursements; Prepare exhibits to operating reports; Prepare text of operating reports, schedules are quarterly bond reports; Prepare schedules for 180-day status reports; Answer creditor correspondence and phone calls; Participate in audits; Answer United States Trustee questions.

CLAIMS ADMINISTRATION AND OBJECTIONS: Specific claim inquiries; bar date motions; analyses, objections and allowances of claims. **Ch-7:** Review claims and decide as to objectionable claims; Negotiate amendment or withdrawal of claims; Documentation and hearing on objections to claims.

EMPLOYEE BENEFITS/PENSIONS: Review issues such as severance, retention, 401K coverage and continuance of pension plan.

FEE/EMPLOYMENT APPLICATIONS: Preparation of employment and fee applications for self or others; motions to establish interim procedures. **Ch-7:** Acceptance and qualification; Documenting appointment of appraisers, brokers, professionals; Recruit brokers, appraisers, other professionals.

FEE/EMPLOYMENT OBJECTIONS: Review of and objections to the employment and fee applications of others. **Ch-7:** Review and comment on professional fee applications.

FINANCING: Matters under §§ 361, 363 and 364 including cash collateral and secured claims; loan document analysis.

LITIGATION: There should be a separate category established for each matter (e.g. XYZ Stay Litigation). **Ch-7:** Motions to dismiss; Monitor litigation; Attend hearings where adjutor may be a witness.

MEETINGS OF CREDITORS: Preparing for and attending the conference of creditors, the § 341(a) meeting and other creditors' committee meetings. **Ch-7:** Conduct 341(a) examination; Notice of continuance of 341(a).

PLAN AND DISCLOSURE STATEMENT: Formulation, presentation and confirmation; compliance with the plan confirmation order, related orders and rules; disbursement and case closing activities, except those related to the allowance and objections to allowance of claims.

CH-7 CASE CLOSING: Notice of intention to file final account; Prepare order to return books and record; Prepare financial exhibits to final account; Prepare narrative to final account; Appear at final hearing; Prepare order approving accounting and fixing fees; Approval of 3011 report.

The following categories are generally more applicable to accountants and financial advisors, but may be used by all professionals as appropriate.

ACCOUNTING/AUDITING: Activities related to maintaining and auditing books of account, preparation of financial statements and account analysis.

BUSINESS ANALYSIS: Preparation and review of company business plan; development and review of strategies; preparation and review of cash flow forecasts and feasibility studies.

CORPORATE FINANCE: Review financial aspects of potential mergers, acquisitions and disposition of company or subsidiaries.

DATA ANALYSIS: Management information systems review, installation and analysis, construction, maintenance and reporting of significant case financial data, lease rejection, claims, etc.

LITIGATION CONSULTING: Providing consulting and expert witness services relating to various bankruptcy matters such as insolvency, feasibility, avoiding actions; forensic accounting, etc.

RECONSTRUCTION ACCOUNTING: Reconstructing books and records from past transactions and bringing accounting current.

TAX ISSUES: Analysis of tax issues and preparation of state and federal tax returns.

VALUATION: Appraise or review appraisals of assets.

Professional Fee Statement for Harrison & Polk						
XYZ Stay Litigation						
Name	Type	Hourly Rate	Date	Hours	Total Amt	Description
Harrison B.	P	305.00	04/01/00	0.1	30.50	Telephone conference with M. Fillmore from ABC re: stipulation to cancel hearing on XYZ's motion to lift automatic stay.
Arthur C.	A	155.00	04/01/00	1.6	248.00	Preparation of stipulation to cancel hearing on XYZ's motion to lift automatic stay
Harrison B.	P	305.00	04/02/00	0.4	122.00	Review of stipulation to cancel hearing on XYZ's motion to lift automatic stay.
TOTALS:				2.1	400.50	
Business Operations						
Name	Type	Hourly Rate	Date	Hours	Total Amt	Description
Harrison B.	P	305.00	04/01/00	1.5	457.50	Review Form 10-Q.
Polk, J.	P	285.00	04/02/00	1.2	342.00	Meet with Debtor regarding next Board Meeting.
Peirce, F.	PL	80.00	04/03/00	2.5	200.00	Review and summarize schedules and all contracts attached as exhibits to the real estate briefs.
Polk, J.	P	285.00	04/04/00	1	285.00	Attend Board of Directors Meeting
TOTALS:				6.2	1284.50	

Example 1. Example of Professional Fees Statement.

Professional Activity Summary

for Harrison & Polk

XYZ Stay Litigation

<i>Name</i>	<i>Hourly Rate</i>	<i>Hours</i>	<i>Total Amt</i>
PARTNER Harrison B.	305.00	0.5	152.50
ASSOCIATE Arthur C.	155.00	1.6	248.00
MATTER TOTALS:		2.1	400.50

Business Operations

<i>Name</i>	<i>Hourly Rate</i>	<i>Hours</i>	<i>Total Amt</i>
PARTNER Harrison B.	305.00	1.5	457.50
Polk J.	285.00	2.2	627.00
PARALEGAL Pierce F.	80.00	2.5	200.00
MATTER TOTALS:		6.2	1284.50

Example 2. Example of Professional Activity Summary

HARRISON & POLK
MONTHLY SUMMARY OF FEES

<i>MATTER</i>	<i>APRIL</i>	<i>MAY</i>	<i>JUNE</i>	<i>TOTAL</i>
XYZ Stay Litigation	400.50	587.00	939.00	1,926.50
Business Operations	1,284.50	2,642.00	727.00	4,653.50
Fee/Employment Applications	583.50	475.00	0.00	1,058.50
Case Administration	1,397.00	1,959.00	942.00	4,298.00
TOTAL FEES:	3,665.50	5,663.00	2,608.00	11,936.50

Example 3. Example of Monthly Summary of Fees.

HARRISON & POLK
EXPENSE AND DISBURSEMENT SUMMARY

<i>EXPENSE CATEGORY</i>	<i>APRIL</i>	<i>MAY</i>	<i>JUNE</i>	<i>TOTAL</i>
Litigation Support	30.00	20.00	35.00	85.00
Computer Legal Research	50.00	35.00	25.00	110.00
Outside Reproduction	20.00	0.00	40.00	60.00
TOTAL	100.00	55.00	100.00	255.00

Example 4. Example of Expense and Disbursement Summary

BIOGRAPHICAL INFORMATION
HARRISON & POLK

PARTNERS

Benjamin Harrison

Mr. Harrison has extensive experience in the area of land acquisition as well as special expertise in antitrust law. In addition to his distinguished military service as a Colonel in the 70th Indiana Volunteers and as a Brevet Brigadier General he served as Commissioner for the Court of Claims; City Attorney; State Supreme Court Reporter and a Member of the U.S. Senate. Mr. Harrison was educated at Farmer's College and received his degree at Miami University.

James K. Polk

Mr. Polk received his degree from the University of North Carolina. He has overseen some major acquisitions and has a special emphasis on international property disputes. Mr. Polk has had a distinguished political career, having served as a Member of the Tennessee Legislature, a U. S. Representative, Speaker of the House of Representatives and Governor of Tennessee.

ASSOCIATE

Chester A. Arthur

Mr. Arthur is a corporate associate who graduated with honors from Union College of Schenectady. He has specialized experience relating to import-export duties having served as Collector of Customs for the Port of New York.

PARALEGAL

Frank Pierce

Specializes in civil litigation.
Graduate of Bowdoin College

Declaration of Benjamin Harrison

1. I, Benjamin Harrison, am an attorney at law licensed in the State of California and admitted to practice in the Central District of California. I am the designated professional responsible for overseeing the billing in this matter and for assuring compliance with the Guidelines of the United States Trustee relating to billing. I have personal knowledge of the facts set forth herein, and if called upon to do so, could and would competently testify to those facts.
2. The fee application submitted by Harrison & Polk for the time period from April through June 1992 complies with United States Trustee Guidelines A and B except as specifically noted and justified in the application.
3. As a result of discussions with the client, the total bill for this time period was reduced by \$150.00.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on:

Benjamin Harrison

Example 6 - Example of Declaration